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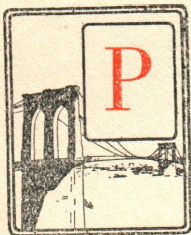
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The PACE STUDENT

Vol. II

New York, June, 1917

No. 7



PATRIOTISM was the dominating note of the Fourth Annual Dinner of the Accountancy students of the Metropolitan District, held at the Machinery Club, on April 28th. Patriotic songs were sung. Patriotic speeches were made. The spirit of patriotic democracy as well as of educational uplift was in the air. "Our Country First" was the banquet message brought to the 700 diners—students, members of the faculty, and invited guests—by George T. Wilson, vice-president of the Equitable Life Assurance Society; Edward James Cattell, statistician of the city of Philadelphia; and Homer Rodeheaver, musical director of the Billy Sunday evangelistic organization. It was a speaking program that throbbed with the outpouring of exalted thoughts clothed in words of force and beauty.

"Developing yourself is the source and secret of efficiency," said Mr. Wilson, in responding to the toast "Efficiency." With pungent anecdote and sparkling witicism Mr. Wilson, himself a notable example of the business success that has a lowly beginning, kept the interest of his hearers at a high pitch of enthusiasm. Mr. Wilson, out of a wide experience, drove home truths that, taken literally, constitute a sound philosophy of individual success. Underneath Mr. Wilson's eloquent address ran the undertone of loyal service to one's fellows and to one's country, as being the highest expression of efficiency—a sentiment that evoked enthusiastic appreciation, not only on the part of the students, but also on the part of the invited guests, many of them educators and business men accustomed to wrestling with the practical problems of life.

"I am an optimist," said Mr. Cattell when he rose to speak upon "Getting the Most Out of Life," "and I always shall be, even after I have grown up." After listening to Mr. Cattell's address, every one present became an optimist—at least for the time being. Words cannot do justice to the beauty or to the inspiring loftiness of Mr. Cattell's message. One moment the audience were laughing unrestrainedly at witty sallies and happy asides; the next moment, tears began to come unbidden. The joy of life, the beauty of it, the pathos of it—these were the chords upon which Mr. Cattell, at eight-four "the youngest man present," played with the sure touch of the master word-organist. And when, in closing, Mr. Cattell told of having known Abraham Lincoln intimately, and spoke of "those sad, dark eyes of his," and urged that every one present stand by the flag that "Lincoln loved," there was a silence that is the highest possible tribute to an orator. Then applause that would not be denied broke forth—the kind of applause that is a safety-valve for heart-throbs.

"Brighten the Corner" and finally "America," sung by the entire audience under the leadership of Mr. Rodeheaver, brought the evening to a most successful climax. One had only to listen to Mr. Rodeheaver and to observe his skilful handling of his audience, to understand why his reputation as a musical director extends from coast to coast.

The promotion of the banquet was under the direct charge of Lewis H. DeBaun, of the Pace Administrative Staff, assisted by class committeemen from the four Metropolitan Schools—Pace Institute, The Accountancy Institute of Brooklyn, Newark School of Accountancy, and New York Institute of Accountancy.

In addition to the students and members of

*Fourth
Annual
Stu-
dents'
Dinner*

Speakers

LEADING ARTICLES

Lewellyn E. Pratt

Biographical Sketch
Page 107

Law Department

Pages 108-109

Audited Financial Statements

Pages 116-118

Solving Problems

Page 120

Operating Letters

Pages 122-123

Fourth Annual Students' Dinner

The PACE STUDENT

June, 1917

(Continued)

Guests

the faculty, many prominent accountants, business executives, and educators were present. Among these guests were Charles F. McWhorter, C.P.A., and David E. Boyce, C.P.A., of McWhorter, Boyce, Hughes & Farrell; F. G. Colley, C.P.A., John B. Niven, C.P.A., and William E. Freeman, of Touche, Niven & Co.; L. H. Conant, C.P.A.; Hamilton S. Corwin, C.P.A., and J. S. M. Goodloe, C.P.A., of Patterson, Teele & Dennis; F. G. DuBois, C.P.A.; Adolf S. Fedde, C.P.A., of A. S. Fedde & Co.; H. D. Greeley, C.P.A.; H. B. Hart, C.P.A.; Charles Hecht, C.P.A.; F. H. Hurdman, C.P.A.; S. D. Leidesdorf, C.P.A.; E. W. Lovejoy, C.P.A., of Lovejoy, Mather & Hough; R. H. Montgomery, C.P.A., of Lybrand, Ross Bros. & Montgomery; G. W. Myer, Jr., C.P.A., and W. S. Whittlesey, C.P.A., of Whittlesey, Myer, & Wythes; J. Lee Nicholson, C.P.A.; John R. Sparrow, C.P.A., of Sparrow, Harvey & Co.; J. E. Sterrett, C.P.A., of Price, Waterhouse & Co.; E. L. Suffern, C.P.A., of Loomis, Suffern & Fernald; W. F. Weiss, C.P.A., of William F. Weiss & Co.; George Wilkinson, C.P.A., of George Wilkinson & Co.; E. B. Yale, C.P.A. (N. J.).

James Addison, auditor, Franklin Railway Supply Company; C. W. Dietrich, general secretary, M. S. Tuttle, B.S. in Econ., educational director, and E. A. Malmquist, B.S., assistant educational director, Brooklyn Central Y.M.C.A.; F. P. Lamphear, educational director, and A. H. Armstrong, A.M., assistant educational director, Twenty-third Street Y.M.C.A.; H. A. Cozzens, general secretary, and H. A. Townsend, A.B., educational director, Newark Y.M.C.A.; Frank L. Bailey, Julia Richman High School; A. G. Belding, C.P.A., High School of Commerce; G. S. Blakely, A.M., principal, Evander Childs High School; W. A. Brown, A.B., educational director, New York Chapter, American Institute of Banking; Lewis Carris, LL.B., A.M., and A. B. Meredith, A.M., New Jersey State Board of Education; J. D. Dillingham, Ph.D., principal, Newtown High School; J. H. Grotecloss; W. M. Jackson, assistant educational director, National City Bank; E. R. Von Nardroff, D.Sc., principal, Stuyvesant High School.

E. E. Ferris, sales manager, Phenix Cheese Co.; Richard FitzGerald, C.P.A., comptroller, Marden, Orth & Hastings; E. W. Given, Ph.D., chairman, Educational Committee, Newark Y.M.C.A.; A. R. Grow, actuary, New York Life Insurance Company; P. W. Henry, C.E., vice-president, American International Corporation; Luther Hill, LL.B., and A. L. Taylor, A.B.,

LL.B., Pace Institute, Boston; F. W. Lafrentz, C.P.A., president, American Surety Company; D. A. McMillan, LL.B., Central High School, Newark; H. M. Maxson, B.Pd., principal, New Jersey State Normal School; C. A. Mayo, Ph.M., editor, *American Druggist*; C. E. Meleney, Ph.D., associate superintendent, Board of Education, New York; Holmes W. Merton; W. S. Morgan, C.P.A. (Mass.), director, Pace Institute, Boston; J. G. Olmstead, A.B., vocational director, Providence Y.M.C.A.; F. P. Pitzer, welfare director, Equitable Life Assurance Society; L. E. Pratt, A.B., of Lewellyn E. Pratt, Inc., advertising consultants; G. J. Raynor, A.M., assistant principal, Commercial High School.

C. H. Schnepfe, Jr., C.P.A. (Md.), director, Pace Institute, Baltimore; E. E. Scott, auditor, Equitable Life Assurance Society; F. H. Sillick, comptroller, Hudson & Manhattan Railroad; C. M. Smith, coördinator, Board of Education, New York; Miss Lillian M. Smith, A.B.; W. B. Symmes, Jr., A.B., LL.B., of Davis, Symmes & Schreiber; Joseph Tausek, welfare director, Western Union Telegraph Company; J. L. Tildsley, Ph.D., associate superintendent, Board of Education, New York; I. W. Travell, principal, Ridgewood (N. J.) High School; A. C. Vinal, B.S., general supervisor of traffic, American Telephone and Telegraph Company; Miss Amy Weaver, office manager, Robert H. Ingersoll & Bro.; J. C. Penney, president, J. C. Penney Company, Inc.

SOMETIMES compromise is a wise means of avoiding conflict. At other times a proposed compromise is like a half-frozen river, which you can neither boat, nor swim, nor walk, nor skate across. When any nation offers America such a compromise for a clear right of way, there is but one alternative. America has taken that alternative.

OF all the causes leading to reformation in international law, Kent ascribes the most weight to the intimate alliance of the powers as one great Christian community. "The influence of Christianity was very efficient toward the introduction of a better and more enlightened sense of right and justice among the governments of Europe. It taught the duty of benevolence to strangers, of humanity to the vanquished, of the obligation of good faith, and of the sin of murder, revenge, and rapacity." International law is simply a manifestation among nations of the ideals of Christianity.

Enthusiasm lends ball-bearings to day's labor.

Lewellyn
E.
Pratt

THE name of Lewellyn E. Pratt and the history and the development of the Advertising Club movement in America are inseparably linked together. Mr. Pratt, for seventeen years, has had a definite and a highly productive part in shaping the methods, the principles, and the ideals of advertising in its scientific relation to all aspects of business. To-day his status in the national advertising field is admittedly that of expert counselor.

Mr. Pratt was born in Oakland, California, forty-five years ago. He was educated at the Columbus, Ohio, high school, at Ohio State University, and at Williams College, from which he was graduated, in 1894, with the degree of A.B. After teaching for three years in the Central High School at Columbus, he went into the advertising specialty business in which he has been engaged ever since. He is now the president and treasurer of Lewellyn E. Pratt, Inc., New York—a firm which renders sales-counsel service to advertising specialty manufacturers throughout the country.

During his many years in the advertising business, Mr. Pratt has taken an active part in promoting the interests of the advertising brotherhood throughout the United States. He has served on the National Educational Committee of the Associated Advertising Clubs of the World since its establishment, and three years ago became its chairman. For one year he was a member of the National Executive Committee. He is treasurer of the Advertising Club of New York, and has been a member of the National Advertising Commission since its beginning. He is chairman of the National Program Committee, which is now building the program for the convention to be held in St. Louis in June of this year.

Mr. Pratt's most far-reaching work has been done in connection with the Educational Committee already mentioned. This committee found its origin in the resolution adopted at the Omaha Convention, in 1910, to give advertising clubs work all the year round. The committee was divided into six subcommittees: one on colleges and universities, one on schools and Y.M.C.A.'s, one on publications, one on club programs, one on lectures, and one on libraries.

The Committee on Colleges and Universities has already helped to organize classes in advertising in eighteen colleges and universities. These classes have, for the most part, been highly successful.

The Committee on Schools and

The PACE STUDENT

June, 1917

Y.M.C.A.'s has done the same in about one hundred schools and Y.M.C.A.'s, working in close cooperation with the International Educational Committee of the Y.M.C.A. Eventually, this educational work, which is now reaching standardized form, will result in the bestowal of a certificate of value upon all who have passed successful examinations.

The Committee on Publications has brought out seven books: "Advertising as a Business Force," by



Lewellyn E. Pratt
Advertising Counselor

Professor Paul T. Cherington, of Harvard University; "Selling the Consumer," by John Lee Mahin, president of the Mahin Advertising Agency, New York; "The New Business," by Harry Tipper, advertising manager of The Texas Company, New York; "The Manual of Successful Storekeeping," by W. R. Hotchkin, formerly sales manager of Wanamaker's; "Ben Franklin—Printer," by John C. Oswald, president of the Oswald Press, New York; "We," by Gerald Stanley Lee, the Philosopher of Mt. Tom; and "Awakening of Business," by Edward N. Hurley, chairman of the Federal Trade Commission, Washington.

The Committee on Lectures has organized the Stockdale Lectures

for retail merchants. Frank Stockdale, under the direction of this committee, has organized merchants' institutes and, for the past three years, has addressed groups of merchants throughout the country, making three trips from coast to coast. During the first week in March, he delivered a series of five lectures before the Advertising Club of New York. These lectures deal with the fundamentals of merchandising, advertising being treated only incidentally as it serves the retail merchant and the ultimate consumer.

The Committee on Libraries, under the guidance of John Cotton Dana, has worked for business branches of public libraries, and has aimed to introduce such branches to business men as money earners for them. Last year this committee published a catalogue called "1600 Business Books," which was the most complete thing of its kind ever attempted.

The subcommittee chairmen working with Mr. Pratt in this ambitious campaign of advertising education are: Publications—H. S. Houston, vice-president of Doubleday, Page & Company; Colleges and Universities—Professor Paul T. Cherington, Harvard University; Y.M.C.A. Schools—Edwin L. Shuey, of Lowe Brothers Company, Dayton, Ohio, and a member of the International Educational Committee of the Y.M.C.A.; Club Programs—Professor J. B. Powell, of the University of Missouri; Lectures—Professor Ralph Starr Butler, of New York University; Libraries—John Cotton Dana, librarian of the Free Public Library, Newark, New Jersey.

The comprehensiveness of the course in advertising which Mr. Pratt and his Committee on Schools and Y.M.C.A.'s have worked out for those who wish to take up advertising as a profession, may be gathered from the following standardized outline: The Advertising Field; A Brief History of Advertising; The Ad Writer and His Work; How to Lay Out an Advertisement; On the Use of Illustrations; What You Should Know About Paper, Type, and Ink; How to Advertise a Retail Business; Department Store Advertising; Problems of the General Advertiser; Selling Goods by Mail; Fakes and Follies of the Ad Field; Functions of the Advertising Agency; The Advertising Solicitor; Canvassing the Field; Closing the Contract; The Advertising Manager; Newspaper Advertising; Magazines as Business Builders; When

Who's
Who

Biographical
Sketches
of Men of
Affairs



O behind the scenes of a corporation and you will find that the motives, good or bad, of the men in control find expression in corporate action. These motives may affect the general public, creditors of the corporation, or the relations existing among the stockholders of the corporation.

For example, take a president who controls a corporation which is approaching insolvency. He fears that he will lose his investment. In order to save himself, he arranges that the corporation shall buy a part of his stock. The result is that for his stock he receives a part of the assets of the corporation. If allowed to do this, he obtains for himself cash which should be available to meet the debts of the corporation.

Or perhaps the controlling stockholder is not satisfied with the profit-showing of the corporation. He desires to get some money on his stock. In view of the universal rule against the declaration of dividends out of profits, he attempts to gain the same end by selling a part of the stock to the corporation.

In both of these cases, it is assumed that there is no market for the stock, or that the controlling stockholder sells it to the corporation at a higher figure than would be possible in the market.

These examples raise the question: Can a corporation buy its own stock? Should there be no statute prohibiting the corporation from doing so, it is legal, according to the majority of courts, for a corporation to buy its own stock, provided the rights of creditors are not adversely affected. Sometimes, as in New York, there is a provision specifying that a corporation may acquire its own stock in payment of debts due the corporation.

Re-
purchase
of
Capital
Stock

A corporation may seek to reduce its capital stock, indirectly, by purchasing its own stock. Statutes usually limit the amount by which a corporation may reduce its capital stock. In New York, a corporation cannot reduce its capital stock, if the reduced capital is less than the amount of its outstanding liabilities. Should it appear that the purpose of the corporation in purchasing its own stock is to reduce its capital stock in any other manner than that prescribed by statute, the courts will interfere.

Sometimes the managers of a corporation, desiring additional capital, induce an investor to buy stock by promising that the corporation will repurchase the stock, at a given figure, if he is later dissatisfied with his investment. The Supreme Court of the United States, as well as

The PACE STUDENT

June, 1917

state courts, hold that this agreement is good, as between the corporation and the stockholder, but that it is not good, should the rights of

creditors intervene. Not every creditor may object to the purchase. Creditors at the time of the agreement to repurchase, or creditors subsequent to the time of the agreement, but prior to the repurchase, may object. However, the courts will not interfere with the transaction at the behest of creditors who extended credit after the repurchase had been made.

Some persons have reached the conclusion that a corporation cannot buy its own stock, because of a case arising in their experience in which it was not permitted. Others have reached the conclusion that a corporation may do so by reason of their knowledge of a case where it was permitted. This illustrates the danger of reaching conclusions on the basis of isolated cases. The confusion which has resulted from these hasty conclusions, may be removed by considering the circumstances of each case in the light of the rules above given.

SALES managers may let their enthusiasm to make sales override their discretion. One of the most efficient sales managers I have known increased the sales of a certain wholesale branch within a year three times the amount that had been sold by his predecessor. This sales manager was so anxious to move goods that he ignored the credit limitations established by the credit department of the organization. Some of the firms to which he had extended credit beyond the limit failed, with the result that the corporation dispensed with the services of its manager.

Trade
Acceptances

A sale is valuable to the business man only to the extent that it results in the receipt of cash. Therefore, any proposition which facilitates collection finds a hearty welcome in the business organization. One means being adopted by business men to solve this problem is set forth by Sherman P. Allen, assistant secretary of the Federal Reserve Board, in *The Nation's Business*, March, 1917, in an article entitled, "Acceptances—A Cure for Credit Complaints."

Although acceptances have only recently come into common use, they are a form of settlement long known to the commercial world. By an "acceptance" is meant a draft which the seller of goods draws on the purchaser, and which has been accepted by the purchaser. The purchaser accepts by writing the word "accepted" across the face and signing his name. The seller usually draws the draft in favor of a bank. This

form of acceptance is a trade acceptance. In the case of a banker's acceptance, the buyer draws upon the bank with which he has arranged

for credit, making the draft payable to the seller. The bank accepts this draft and it is accordingly called a "banker's acceptance." Generally speaking, a banker's acceptance is much more desirable to the seller than a trade acceptance.

Mr. Allen sets forth various economic benefits of the acceptance. I shall first quote the summary contained in his article, and then add certain legal advantages which flow out of settlement by acceptances as against the use of the open account. Mr. Allen's summary is:

The trade acceptance is of benefit to the seller because—

It completes the transaction, joining the payment with the shipment or invoice.

It eliminates open book accounts, and substitutes bills receivable, or actual cash from discounted bills, in the assets of the seller.

It gives to the seller additional credit facilities, in that such business paper, discounted, does not necessarily count in the amount of credit extended or authorized.

By reason of its "double name" aspect, it has a broader and better market, and lessens interest rates for the seller.

It assures promptness and avoids unjustified extensions.

It promotes economy and efficiency of operation by establishing coöperation.

Acceptances are advantageous to the purchaser—

In eliminating open accounts.

In closing the transaction at the time of purchase.

In facilitating adjustments and settlements.

At one point in the article Mr. Allen states that: "What has been an oral agreement evidenced by entries on the seller's books can, by use of the acceptance, be put into negotiable paper, available for discount at the seller's bank." Although I do not assume that Mr. Allen intended this to mean that all open accounts are based on oral agreements, nevertheless, the reader of the article might so construe the statement. Open accounts are, of course, quite frequently based upon written agreements between the seller and the buyer, which specify the price and the terms of sale. Nevertheless, from a legal point of view, the seller is in a much more advantageous position if he receive negotiable paper than if he depend upon an open account. Without going into the intricacies of legal procedure, I may say that in a court the seller has an easier burden of proof to sustain if he sues upon a negotiable instrument than if he sues upon the contract out of which an open account

The PACE STUDENT

June, 1917

arose. Furthermore, the same questions are not likely to be raised as to the amount involved, since negotiable paper is, for most purposes,

an admission by the debtor of the accuracy of the amount.

An idea of the increasing popularity of this form of settlement may be obtained from figures given by Mr. Allen to the effect that the Federal Reserve Banks, in 1916, purchased acceptances to the amount of \$385,915,973, an increase of \$321,070,973 over the year 1915. Credit managers and others interested in facilitating collections will do well to investigate this new method of effecting settlements.

SOME men like to move for the sake of moving. Direction is a secondary consideration. Not infrequently they indulge their desire for motion in the guise of a contract. You read it and reach the conclusion that the parties wanted to agree to something, but you cannot recognize the something. Between the lines there is spelled in large letters the one word—**INDECISION.**

Courts refer to such a writing as being "vague and uncertain" as to its terms. Unless they can determine what rights are conferred upon the parties, and what obligations are imposed, the supposed agreement is declared void. Allowing for the shortcomings of human nature, courts will, if possible, arrive at a definite meaning of the words used. The more nearly the writing approaches certainty and definiteness, the more likely that no excuse will be afforded a party to break the agreement.

A case in point, although holding the contract to be certain, was decided by the Appellate Division of the New York Supreme Court, February 23, 1917. The plaintiff had agreed to buy, and the defendant to sell, molasses, for three years, in amounts from 3,000 to 12,000 tons each year. This paragraph was in the agreement:

"The times of delivery are to be arranged from time to time between buyer and seller, who pledge themselves to mutual aid."

The defendant argued that this provision left undetermined and open for future arrangement the particular dates upon which separate deliveries were to be made, and therefore failed to express an essential element of an enforceable contract for the sale of goods. It was also maintained that the writing was merely a memorandum of an agreement to enter into a contract in the future.

After reviewing the contentions of both sides, the court held, that there was an absolute obligation upon the part of the defendant to deliver

*In-
definite
Contracts*

WILL you kindly inform me through your Magazine as to the Journal entries that should appear upon the books of A and B, covering the following proposition: For the purpose of erecting an apartment house, A and B purchase a piece of property subject to a five-year lease held by C. To induce C to relinquish his lease, they agree to pay him \$10,000 in cash and to give him free a five-year lease in the new building when completed. This lease would represent a rental value of \$1,200 a year, or \$6,000 for the life of the lease.

A A capital asset should be recorded at its cost. The property in the case given cost \$16,000—paid, \$10,000 in cash, and \$6,000 in renting values. The entry, therefore, should set up the cost of the asset on the one hand, and credit Cash for the amount paid out, and a rent liability account for the remaining \$6,000 on the other hand. The entry follows:

	Dr.	Cr.
BUILDING ACCOUNT ..	\$16,000	
To CASH		\$10,000
“ PREPAID RENT		
(5 years)		6,000

So far as the operating accounts of the building are concerned, it would be necessary each year to debit Prepaid Rent with the yearly rent of \$1,200, and credit Income. The amount of the income thus secured would be sunk in the Building Account and would not be available for dividends unless there were free assets in the building company. In many instances, a corporation with a surplus uses a part or all of its profits in making additions to its capital plant, and the surplus is thus impounded and is not available for dividends. In the case of the building company, a similar condition exists by reason of the transaction, although the amount is capitalized in this case before its receipt in the form of income. It is possible, of course, that sufficient capital was contributed in the building company to offset the liability on account of prepaid rent, in which case it would be available for dividend purposes as earned.

The foregoing treatment is the one usually accorded in practice, although scientifically the value of the \$6,000 lease is not \$6,000, but the present worth of that sum calculated at some accepted interest rate for the time given.

Q In your opinion, should interest on capital invested be included as an element of cost? If so, what rate would you use in figuring this theoretical interest, and how would it be handled on the books?

Interest on capital is not outgo or cost in the strict accounting sense of the term cost. While it is true that capital is essential to production,

and the use of capital always has a worth, the value of that worth is dependent upon fluctuating conditions in respect to security, convertibility, and demand—conditions that cannot be stated with exactitude in respect to any particular manufacturing operation. The calculation and distribution of interest to product, therefore, is a statistical matter based on some assumed rate of interest arbitrarily fixed. Statistical calculations of this sort should rarely, if ever, find their way into systems of accounts, which preferably should deal with specific facts in respect to expenditures and income.

The profits of a partnership, it should be remembered, consist of the returns secured for the time of the partners, as well as for the use of their capital. Therefore, partners' salaries, so called, are merely a portion of the returns or profits secured for both time and the use of capital. In a corporation, net profits are the returns for the use of capital, the salaries of corporation officials and employees being in the nature of expenses. In either event, when an amount is arbitrarily apportioned on the basis of a selected interest rate as a return for capital, the process amounts merely to making a division of the profit return—a part being in the nature of a so-called interest return for capital, while the remainder is called profit.

A manipulation of this kind is purely statistical. It is not entirely without value as a statistical expedient, and its use is sometimes urged for the following reasons:

First, that, in obtaining a cost for pricing, the cost should contemplate an interest return on investment, so that minimum prices at a fair return of profit may be ascertained.

Second, that localizing interest costs as to given departments enables the management to ascertain whether it would be more profitable to buy the materials manufactured in those departments or to continue their manufacture. In other words, if the return is not above the interest rate charged, it might be more economical to buy the parts than to manufacture them.

Third, that estimated interest upon an increased investment in labor or material-saving machinery should be charged, so as to ascertain whether the saving warrants the additional investment of capital necessitated.

In our judgment, however, the foregoing results can be accomplished as a matter of statistical calculation carried on quite aside from

the books proper. Further, in our judgment, the costs of production as stated in the books of account should be kept quite free from statistical calculations involving arbitrary distinctions that divide net profit returns.

(Continued)

- Q In the case of a sole ownership of a business, is it good accounting practice to charge salary for the owner-manager who is devoting his entire time to the business?

If no salary is charged, would the income account reflect the true earning capacity of the investment?

If a salary is charged, what ratio should it bear to the gross profit on operations?

- A The net increase of assets resulting from the operation of a business organization, in which are combined capital and effort, is known as "Profit" and belongs to the proprietorship of this business. The proprietor, of course, has the right to call this profit by the name of "Salary," or by any other name he may choose to use, but that does not prevent it from really being profit.

Salary paid to others, outside of the proprietorship, constitutes a legitimate expense of the organization and reduces the amount of the Net Profit to the proprietors. Salary to the proprietor, however, does not reduce the amount the proprietor receives as the result of his combination of capital and effort, but instead, is only a partial payment to him of the profits resulting from such combination. Therefore, it is not considered good accounting practice to charge his salary as an expense of the business.

In practice, owners frequently do charge a salary, but it should be considered as an apportionment of Net Profit rather than as an expense reducing the amount of Net Profit.

- Q The writer would like information about what is called "No Par stock."
- (a) What are the advantages of stock of this kind?
- (b) How is the market price (the price at which the corporation sells it) determined?
- (c) How is it handled on the Balance Sheet?
- (d) Are many corporations issuing stock of this kind?
- (e) How recent is it?

- A The first question as to the use of stock of this kind must be answered by the statement that it depends upon the objects of the corporation itself. Cook, in his work on "Corporations," states that this statute is of "doubtful utility." Par value gives no indication of the actual value

of stock. From an accounting point of view, the value of a share is that proportion of the net corporate asset value which each share bears

to the total number of shares issued. There is, therefore, a difference between the par value of stock and its actual value. Nevertheless, a statement of par value may mislead uninitiated investors as to true value. As a consequence, students of finance have recommended the adoption of statutes providing that stock shall have no par value, but that each share shall show merely the proportionate interest of the stockholder in and to the contributed capital.

The New York statute provides that the certificate of stock show: first, the total capital stock of the corporation; second, the total number of shares that may be issued as to such capital stock; and third, the number of shares represented by the certificate. Each share must represent contributed capital in an amount not less than \$5, but not in an amount more than \$100. The capital of the corporation must at least be \$500.

The price at which the corporation issues it must be equivalent to the value of the proportionate share. In other words, if the capital be \$10,000, and there be 1,000 shares, the shares must be issued on the basis of a valuation of \$10 each.

Inasmuch as no corporation may declare dividends out of the contributed capital, it is advisable to state such contributed capital as a separate item on the Balance Sheet. Surplus or deficit covering variations would afford the balancing accounts.

There are not many corporations issuing stock of this kind. However, we find that some mining companies have resorted to it recently.

The New York statute on the subject was enacted in 1912. We made an examination of annotated laws to include 1916, but no cases are cited therein. This would indicate that the statute has not been extensively used to date.

A contracted with B for the charter of a steamship for a period of five years. At the end of the first year the British Government commandeered the steamship. Does this serve to end his contract, or has he still an interest in the steamship? In the event of the British Government paying a higher rate for the use of the steamship than A agreed to pay under the time charter, is A entitled to receive the amount of such excess as a profit accruing to him in the transaction, or does such excess rightfully belong to the owner of the vessel?

On December 11, 1915, an English court A

Edward E. Loomis **E** DWARD E. LOOMIS, the new president of the Lehigh Valley Railroad, is another of the many present-day executives who have worked themselves up from humble beginnings. His beginning in the railroad world was very humble when you consider that once his monthly check from the Erie Railroad was for only sixty-five dollars.

Mr. Loomis's father was wealthy, but he did not propose to spoil his son with too much money or too many "soft jobs." He prepared his son to the best of his ability for the fight ahead of him; then he sent him forth to stand or fall by his own efforts.

Mr. Loomis's first position in the East was with the Erie Railroad, although he had done some work in the West in the legal department of the Denver & Rio Grande. From New York he went to Elmira to take charge of a division. Here his resourcefulness and energy began to assert themselves. Certain old-timers resented having such a young man put over them and showed their disapproval in no uncertain manner, but Mr. Loomis always succeeded in turning the tables on them and in such a way that they never bothered him again.

He is reported to have said once to an engineer who had purposely lain down on the job: "Maybe you don't realize who is superintendent of this road. As long as I have that title I'm going to be superintendent, and the next time you run a train like that with no good explanation, I won't wire you to come back; I will discharge you by wire. Any man who is loyal will be sure of a square deal from me. Any man who isn't loyal has no place on this road. All I ask for is loyalty."

Mr. Loomis soon became general superintendent of the New York, Susquehanna & Western Railroad, and from that time his rise was very rapid. He studied coal, especially anthracite, until he became an expert. For that reason, in 1899, W. H. Truesdale, president of the Delaware, Lackawanna & Western Railroad, chose him to manage the Lackawanna Coal Company. In 1902, Mr. Loomis was elected senior vice-president of the Lackawanna railroad. This position he held until he assumed the presidency of the Lehigh Valley Railroad a short time ago.

Mr. Loomis will bring to his new position a wide and successful experience. His great industry, ability, and aggressiveness are bound to have an effect on the policy and

The PACE STUDENT

June, 1917

development of the railroad interests of the country. His attitude toward the railroads and their relation to the public is best summed up in his own words:

"A railroad or any other corporation is not a fleshless machine. It is made up of men, with men's good qualities and men's faults. From the highest position to the lowest, the men employed by a railroad are that railroad, and the public should realize this."

ALFRED SODERBERG, Accountancy Institute of Brooklyn, has severed his connection with the A. H. Hull Steamship Company to enter the employ of Henry Peabody & Company.

LOUIS SEVRIN, Newark School of Accountancy, has been employed as bookkeeper by the Popular Motor Car Company. Mr. Sevrin was formerly with the Sackett & Wilhelm Company.

MISS MARY SHANLEY, Pace Institute of Accountancy, who was formerly in the accounting department of Bedell & Company, has been employed as bookkeeper by the Bentley-Franklin Company.

GEORGE F. RUPPERT, Pace Institute of Accountancy, has been engaged as bookkeeper for the Moore Press. Mr. Ruppert was formerly employed by the Prang Company as head bookkeeper.

WILLIAM R. LITTLE, Washington School of Accountancy, formerly on the staff of Haskins & Sells, has accepted the post of private secretary in the employ of The General Optical Company.

CHARLES H. SAMMOND, Accountancy Institute of Brooklyn, has severed his connection with the Victor Machine Company to accept a position in the accounting department of The Southern Export Corporation.

LEROY W. DEFENBACH, Pace Institute, Extension Division, has accepted a position in charge of the office of the Salmon River Stores Company, Ltd., at Whitebird, Idaho. This company operates three supply stores in central Idaho, and has other large interests.

to Use Trade and Class Papers; Street Car Advertising's Appeal; Outdoor Advertising; Circulars, Booklets, and Catalogues; Letters, Novelties, Follow-up Schemes, Tracing Results; Truth in Advertising. **Lewellyn E. Pratt**

(Continued)

The educational work of the Committee on Club Programs, as explained in their printed syllabus, is also of the most practical kind. Emphasis is laid upon a retail study, round table, and lecture course.

"The retail course is intended particularly for retail store proprietors, and is designed to meet the principal needs of those who can give only a limited amount of time to the planning and preparation of their advertising, and who need better knowledge of the broad fundamental conditions affecting advertising and affected by it, rather than a detailed knowledge of its technique."

In the carefully worked-out program of this committee, definite suggestions are advanced as to reading, the securing of speakers, the methods of organizing clubs and conducting meetings, subjects for discussion, and the like. Supplementary educational courses, among them courses in salesmanship and public speaking, are also made available.

The advertising men of the country have long been known as "live wires." This fundamental quality of "liveness" they have carried into their educational work, the results of which, in amount of work done and in quality of attainment, are making a deeper and deeper impression upon the business consciousness of the community, state, and nation.

The influence of this enthusiastic service by the "Ad men" has been unqualifiedly wholesome. Through their efforts, higher standards of business have been set and realized. Knowledge of what business fundamentally means has been widely disseminated. Opportunities for success in business have been thrown open to countless numbers of young men of the right stripe. Truth and honesty have been enthroned as the basic qualities of business success, as well as of personal character.

To this far-reaching educational work many business men of high standing, pressed hard by the duties of their personal interests, have freely given of their time, their energy, their money, and themselves. A high sense of service and far-sighted vision belong to them all, but to no one more than to Lewellyn E. Pratt, their spokesman and their servant, and the country's as well.

(Continued)

the molasses; that it was not a contract to deliver only in the event that the parties agreed upon special dates. The clause as to dates, according to the court, was only a minor and non-essential detail of delivery.

Although the court upheld this agreement, the decision was not concurred in by all the judges. Of the five judges who heard the argument, three considered the agreement enforceable, and two regarded it as not enforceable.

Even though the plaintiff was sustained in this case, he was put to the trouble of a lawsuit, in order to establish his claim. Had the contract been more definite, as to the dates of delivery, the question would not have arisen and the transaction would probably have been completed without litigation.

Courts are called upon to decide numerous cases like that above. Two types of contracts, illustrative of the line of demarcation, are those which state "not more than" a given amount, and those which state "not less than" a given amount. Courts hold the first type as being too indefinite for enforcement and the second type as being definite to the extent of the minimum amount specified.

The PACE STUDENT

June, 1917

Among clauses held to be uncertain are: "to fairly share in commissions"; "to convey 70 acres of land" without describing them or designating the place; a promise to accept a note without specifying terms; a promise "to start a man in business"; a promise to allow a tenant, under a written lease, to occupy a building "until torn down"; a promise to rent premises at the same rent as could be obtained from other parties.

My examination of the cases indicates that uncertainty does not arise exclusively from the desire of a party not to commit himself. Most of them arise from carelessness or from a desire to complete a negotiation before the parties have reached a definite agreement. There are some instances wherein a certain amount of latitude may be desirable. In these instances it is always advisable for the parties to consult a capable attorney before making the contract. These are exceptional, and, as far as possible, the attempt should be made to have a specific and definite agreement.

(Case reviewed, *Spiritusfabriek As-tra of Amsterdam vs. Sugar Products Company*, 163 N.Y.S. 516.)

KARL K. CLAY has accepted a position with Baker, Sutton & Harrison, accountants and production engineers.

ROBERT L. DIGGS, Pace Institute, has recently joined the staff of W. W. Tait & Company. He was formerly on the staff of Haskins & Sells.

JOHN H. CRIPPEN, Pace Institute, has severed his connection with The General Electric Company to accept a position with Jardine Matheson & Company.

ALBERT WOHNHAS, Pace Institute, Extension Division, has recently accepted a position as bookkeeper with the Edward Langer Printing Company, Inc., 468 West Broadway, New York.

JULIUS BAER, New York Institute of Accountancy, has entered the practice of public accounting on the staff of the Stratford Audit Company. Mr. Baer was formerly employed by the Anglo-Mexican Petroleum Company.

Productive Summer Study

For Accountants and Business Men

IN many Organizations the busiest period of the business year occurs between January and June. This is especially true in the offices of Certified Public Accountants.

IT follows, therefore, that many Senior and Junior Accountants must plan for their professional educational training in the summer months. Office executives of many Commercial and Industrial Corporations also have more time available for study after June 1st.

DURING the entire year Pace Institute provides instruction in Accountancy and Business Administration, English, and Public Speaking. The summer resident classes at 30 Church Street, New York, are available to persons in the Metropolitan District. Outside of New York, summer instruction is conducted through the mails, under the direction of the Extension Division of Pace Institute.

For full information address

PACE & PACE

Pace Standardized Courses in Accountancy, Business Administration, and English, in Residence and by Extension

30 Church Street

New York City



Sarcasm

HY, Mr. Office Manager, Mr. Instructor, Mr. Business Associate, do you use sarcasm in your conversation with me, your subordinate, your pupil, your comrade in the shoulder-to-shoulder fight for organization achievement? Mr. Office Manager, you need my loyalty and my coöperation; yet your sarcasm makes me, behind your back, disloyal to you and at loggerheads with your policies. Mr. Instructor, you know that, in order to educate me, you must help me to develop and express that which is mentally within me; yet your sarcasm drives me back into myself and inhibits me from self-expression, while I either openly resent your rapier tongue or cower before you in fear of it. Mr. Business Associate, you seek and must have my liking and my respect in order that we may work together for the attainment of our common commercial purpose; yet your sarcasm makes me dislike you and gloat at the coming of the day when I can belittle your work and humiliate you.

Why must—rather, why does—sarcasm find any place whatsoever in our fellow-to-fellow communications of tongue or pen? Sarcasm is the verbal weapon of little minds which misread passing authority as abiding greatness. Sarcasm is selfishness in speech, uncontrolled and misdirected. Sarcasm is a venomous poison, which, like all poisons, should be used, if used at all, with gingerly care, and only when the ailment to be cured will yield to no other known corrective. Sarcasm blights, burns, and withers whatever and whom-ever it touches, like the blinding sand-storms of the desert. Sarcasm breeds dissatisfaction, disgust, despair, and hate—corroding acids that sooner or later disintegrate the desirable organization results that only joint human endeavor, operating as a cohesive unit, can conceive and realize.

Keep sarcasm out of your speech—to-day, tomorrow, for all time. Instead of the sour sneer, give us, your fellows, the irradiating smile; instead of words that scorch and lash, give us words that cheer, and encourage, and stimulate; instead of petulant fault-finding with our short-

The PACE STUDENT

June, 1917

comings, give us patient counsel. It is out of these things that the spirit of human brotherhood is born—the spirit that makes for common prosperity and common happiness.

DID you ever play golf with him—the roving-eyed chap who, between holes, tells you what he sells and how he sells it, with the implication that you and your organization could do worse than join his list of preferred customers? Or maybe you have run into him at the club, whither you have repaired after a hard day's work for a quiet game of bridge or billiards. What a bore, a pest, a scourge, he is—this peanut-brained creature who loudly proclaims in voice, gesture, and attitude, "I'm out for business first, last, and all the time!"

Deluded mortal, he knows not that all things have their times and places. He joins all the societies, clubs, and social and fraternal organizations within reach, not because he likes his fellows and wishes to hobnob with them in a purely social way, but because he hopes and expects to twist business out of them. The psychology of selling has no meaning for him; and as for the ethics of it, he has never heard the word. And so he blunders on, making acquaintances only to turn them into secret enemies, and all because he is a crude trader in social contracts.

Be social all you please; associate intimately with others of your kind whenever and wherever you can; make as many friends as possible, by means of the generous out-giving of your personality, but forget business for a while, as much for your own sake as for the sake of others, since by forgetting it you are, paradoxically enough, likely to secure it. There is such a thing as disinterested sociability. Seek it, find it, practice it!

"I GUESS I'm too individualistic," he replied to my question as to why he, a man of thirty-five, with wide business training and unusual analytical ability, should be seeking the services of our Placement Bureau for the third time within a year. "If I see things I think are wrong, I speak about them and try to correct them. I'm naturally a good deal of a fighter."

Too Individualistic

THE PACE STUDENT

*A Magazine of Service
Interpreting
the Purpose, Spirit, and Needs
of Modern Business*

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"And a good deal of a fool," I supplemented, for I knew him well. "You think that your way is the only right way. If others do not do as

you want them to do, you make yourself a nuisance, and after a while you find yourself looking for another job. The trouble with you is that you have never learned the meaning of co-operation, of team-work—the loyal and courageous submergence of yourself as an individual for the good of the organization as a whole. You should be running a little corner-grocery store somewhere; you're out of place in a modern business organization where 'all together—now' is the dominating spirit."

"I guess you're right," he replied, ruefully. "Get me another position and I'll pull with the rest, not against them."

We have secured him the third chance that he sought. I hope, for his own sake, that he has really got rid of his shallow notions of preserving his "individuality" as a thing apart from organization team-work. If he hasn't—well, I won't bother with him a fourth time.

Follow it Through **I**F you are a tyro at golf, the expert will tell you to keep your eye on the ball and, in making a stroke, to "follow it through." You are thus admonished in order that you may, sooner or later, acquire freedom of swing, develop a sense of direction and distance, and make each stroke count for every true golfer's *summam voluptatem*—a low score. It is hard to get—this faculty of "following it through"; but, when once acquired, what ineffable satisfaction springs to life in the golfer's breast!

It is just so in the commercial world. There are plenty of men who would play the business game expertly; men whose stock of mental clubs and irons is complete; men of doughty purpose to make every putting green with ease and dispatch; men to whom the joy of a low score is dear. But they drive into bunkers and hazards, and they either quit the course in disgust, or pay for their lack of skill in money, wasted energy, or nervous breakdowns. Their stroke is uncertain and choppy; they do not "follow it through." Look ahead, young man, when you tee the ball; then swing lustily, but in the right direction. Gauge your stroke, and "follow it through."

Negotiation **I**N negotiating you can't afford to be thin-skinned," said a highly successful organizer and promoter to me recently. "The man who permits himself to get angry or even to show irritation loses the thing he is after. It makes no

The PACE STUDENT

June, 1917

difference what the provocation may be."

True words! Negotiation constitutes four-fifths of Modern Business.

Either we are constantly trying to get others to do what we desire, or others are trying to do the same with us. Mind is ever in contact with mind, differing with it or agreeing with it. The hope of personal advantage is ever-present—a fact which means that there must be yielding and concessions on both sides, and the spirit of give and take. Often, into negotiations, swinish selfishness and blind-eyed obstinacy creep—usually, of course, on the part of the other fellow. Then it is that your gorge rises and you feel like "saying things." Don't do it! Keep your head, and fix your mind on the single purpose you have in view—it's your only chance of realizing that purpose.

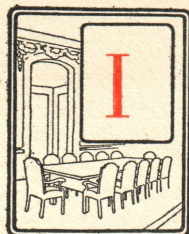
EVERYTHING you do gives off an atmospheric expression of yourself as an individual. This atmosphere enwraps your thoughts in conception and in realization. It comes out of the spirit in which you view and do your work. If you are a time-server, a shirker at heart, a believer in the other fellow's "pull," a sullen cynic as to yourself and your opportunities, the atmosphere that radiates from you depresses you and deadens the organization esprit de corps. If, however, you joyously believe in yourself, your job, your future, your associates, your concern—and if you evidence that belief in facial expression, speech, and action, the atmosphere that comes from you sweetens and seasons the human spirit needful to keep all parts of the organization machine working together in harmony of purpose and method.

WHAT percentage of your real ability, your brain power, your time, your thoughts, are you using to accomplish the definite task it is your business to accomplish? Concentration is the secret of power. That man accomplishes the most who is able to concentrate the full power of his abilities upon a particular objective at a certain, definite, psychological time. As the burning glass concentrates the rays of light into an irresistible fire, so the will-power, by concentration, can center our activities upon a given point until every obstacle is burned away, every difficulty is consumed or overcome, and the task is accomplished.

Don't overdraw your account at the Bank of Vitality. It will injure your mental credit. Keep your deposits of sound sleep and wholesome exercise ahead of your drafts for heavy working hours.

Your Atmosphere

Concentration



Elmer
O.
Stevens,
C.P.A.

IN the April issue of
The Pace Student
we considered the
financial condition

The PACE STUDENT

June, 1917

of James MacFarland, and his effort to secure from his bankers a sufficient loan to enable him to handle, satisfactorily, a certain very favorable contract. This loan, the bankers did not feel justified in granting. At their suggestion, Mr. MacFarland decided to incorporate his business and offer shares of stock for sale. In this article we describe the procedures followed in preparing for this step.

During the six years James MacFarland had been in business, many financial transactions had occurred. Checking every entry recording these transactions would have entailed considerable labor without throwing much light on the earning capacity, or the existing financial condition of the business. Those matters to which special attention should be given in the investigation, were discovered in making the examination preliminary to the certification of his Balance Sheet as at December 31, 1916. Among these were errors in the pricing of inventories; the charging off of insurance premiums and interest when paid; failure to make provision for depreciation of buildings; and failure to charge off losses due to bad debts.

Time and labor were saved by taking systematic steps in the investigation. The first step was to prepare a separate schedule, in running form, of the profit and loss items for each of the six years. On each of these schedules, columns were provided as follows:

Classification
Amounts
Detail
Total
Adjustments
Increases
Decreases
Adjusted Amounts
Detail
Total

Profit and loss items as recorded in the books were entered in the amounts columns. Adjustments, representing either increases or decreases, were placed in the pair of columns headed "Adjustments." The corrected amounts were then placed in the columns headed "Adjusted Amounts."

The main items were entered in these schedules. The explanation of these main items will

be first given and then the manner in which each was verified will be considered.

Product Sold was entered first, and Cost of Product Sold was deducted to show Gross Profit. The expenses of conducting the business other than manufacturing expenses, but not including interest paid for borrowed money, were displayed next in order and deducted from Gross Profit to show Profit from Operations before deducting Interest and Depreciation. From this amount, interest was deducted and provision made for the entering of adjustments necessitated by the failure to write off Depreciation. Finally, the amounts withdrawn by James MacFarland were deducted, leaving a balance which represented the increase or decrease for the year in his invested capital.

Bearing in mind the general procedure just outlined, let us consider more specifically each of the steps taken.

Product Sold was classified as to brick, tile, and miscellaneous. The original records were subjected to a general examination to discover errors that would materially affect the final results. In a few instances, errors in classification were detected and adjusted, but no serious differences were discovered.

To find the Cost of Product Sold, it was necessary first to find the Cost of Product Manufactured in each of the years. This latter was made up of cost of materials and supplies used, wages paid to workmen, and manufacturing expenses. The accounts showing each of these items were carefully scrutinized; and the original records, such as invoices for purchases of fuel and supplies, the pay-rolls and time-records, and bills for expense items, were examined generally. Such errors as were detected affected the accounts as between years, in some instances, and in other cases items had been entered in the wrong accounts, thus being incorrectly classified in the books. The annual charge of \$100 in writing down cost of Stripping Clay Bed was treated as part of the cost of material. The depreciation of Wagons and Harness and Horse Equipment was included in Manufacturing Expenses.

The Cost of Manufacture being determined, the cost price of goods sold was ascertained by calculations based upon inventories. In some years, product on hand at the beginning of the year was greater than that on hand at the end of the year. For those years, the Cost of Product Sold was found by adding the difference in inventories to the Cost of Product Manufactured. In other years, product on hand at the end of the year was greater than that on hand at the be-

(Continued)

JAMES MACFARLAND

Statement of Profit and Loss for Six Years Ended December 31, 1916

	1911	1912	1913	1914	1915	1916
Product Sold:						
Brick	\$10,987	\$15,489	\$20,191	\$16,327	\$25,780	\$30,845
Tile	3,470	4,176	6,878	5,120	6,187	7,961
Miscellaneous	840	767	981	1,133	575	896
Total Product Sold	\$15,297	\$20,432	\$28,050	\$22,580	\$32,542	\$39,702
Cost of Product Sold:						
Materials and Supplies Used	\$2,873	\$3,587	\$3,973	\$3,699	\$4,266	\$4,835
Labor	4,967	7,120	9,876	11,183	10,997	15,213
Manufacturing Expenses	1,585	2,489	2,948	3,138	3,501	3,774
Cost of Product Manufactured	\$9,425	\$13,196	\$16,797	\$18,020	\$18,764	\$23,822
Inventory, Increase or Decrease	1,261*	363*	123*	2,470*	2,873	235*
Cost of Product Sold	\$8,164	\$12,833	\$16,674	\$15,550	\$21,637	\$23,587
Gross Profit	\$7,133	\$7,599	\$11,476	\$7,030	\$10,905	\$16,115
Expenses	1,321	1,470	1,581	1,693	1,789	2,165
Profit from Operation before deducting Interest and Depreciation	\$5,812	\$6,129	\$9,895	\$5,337	\$9,116	\$13,950
Deduct:						
Interest	\$1,161	\$1,250	\$1,380	\$1,575	\$1,635	\$1,960
Depreciation	1,250	1,340	1,380	1,480	1,480	1,608
	\$2,411	\$2,590	\$2,760	\$3,055	\$3,115	\$3,568
Net Profit	\$3,401	\$3,539	\$7,135	\$2,282	\$6,001	\$10,382
James MacFarland, Withdrawals	2,400	3,000	3,600	7,500	4,800	6,000
Increase in Investment	\$1,001	\$539	\$3,535	\$5,218†	\$1,201	\$4,382

* Increase in Inventory over preceding period.

† Decrease in Investment.

(Continued)

ginning of the year. For those years, the Cost of Product Sold was found by deducting the difference in inventories from the Cost of

Product Manufactured. Special care was taken to correct the inventory valuations each year, as the method of pricing inventories at selling price less ten per cent. had been followed.

In the verification of expenses other than manufacturing expenses, care was taken to distribute properly the charges for Insurance Premiums paid as between years. All other items included under this heading were scrutinized. A few other adjustments were made, as between years, due to failure to enter liabilities and accruals in the books at the end of a year, which were paid in the subsequent accounting period.

The depreciation on Buildings, Kilns, and Machinery was apportioned, as between years, on the basis of the book value of these assets at the beginning of each year. The question may naturally arise, "Why was not the amount written off for depreciation on these assets included as a part of the Cost of Product Manufactured?" In a business where accurate and detailed cost records are kept, this method of charging depreciation is usually followed. In the case under consideration, no such records had been kept. The amount of depreciation written off was determined by an estimate based largely upon the condition of the assets after they had been in use several years. The depreciation which occurred was affected little, if any, by the volume of product turned out during those years. In order that the facts be displayed in the clearest possible manner, an effort was made to exclude from the Cost of Product Manufactured, in so far as was practicable, all charges which did not directly depend upon the volume of production.

Interest charges were found to have been entered when paid, regardless of the period in which they were accrued. The necessary adjustments were made to show interest charges in the years in which Interest had accrued. Interest was treated as a deduction, after showing net profit from operation, in order that prospective investors might better see the possible earning-power of the business.

The drawings of James MacFarland were shown for two reasons. One reason was to give some indication of the amount which the stockholders of the corporation might expect the expenses of the business to increase in the form of executive salaries. The other reason was that they might be able to form some opinion of the normal growth of the business during the

The **PACE STUDENT**

June, 1917

years of its existence by having before them the net amount left from earnings after deducting withdrawals which, in the future, they could

expect to find included in the expenses of the business.

It was found necessary to prepare an analysis sheet showing details of practically every item on the yearly schedules of profit and loss. The details of the adjustments were first entered on the analysis sheets, and only the net totals of adjustments carried to the schedules showing the profit and loss figures for the year. In each case, where corrections were made, a correcting entry was prepared with full details in the same manner as the adjusting entries prepared in connection with the financial audit.

The figures shown on The Statement of Profit and Loss for the Six Years ended December 31, 1916, which was prepared for presentation to the client, were taken from the last two columns of the schedules showing the yearly results.

Entries to record properly the financing and incorporation of James MacFarland's business, as suggested by the bankers, will be shown and described in the July issue of The Pace Student.

Do It Better

"It is evident to every thinking man that our industries, on the farm, in the shipyards, in the mines, in the factories, must be made more prolific and more efficient."

—From President Wilson's
War Message to the People.

In the present emergency there is one thing every man and woman can do—as a patriotic duty *should do*—and that is: *do the thing you are doing now, better.* There is one most effective way to increase your usefulness, and that is—*study; study the principles on which your work is based, and learn better methods.*

Mastery of Pace Standardized Courses in Accountancy and Business Administration, means mastery both of principles and of organization methods.

These Courses are available in Resident Schools and by Extension.

For Bulletin and Information write to

PACE & PACE

30 Church Street

New York City

(Continued)

handed down a decision, wherein it was held that the persons chartering the ship were entitled to receive from the Admiralty the compensation paid by the Government therefor, from which they were obligated to pay to the owners the amount that they had contracted to pay. In other words, the persons chartering the ship were entitled to the excess profit. Furthermore, the case held that the commandeering of the ship did not act as a termination of the contract.

If I may be permitted to express an opinion, this case is in accord with the fundamental principles of law. The right of possession was in the people who had chartered the ship; the right of ownership was in the owners of the ship. The British Government did not buy the ship, but merely commandeered the use of the ship—that is to say, the possession of the ship. Hence, the compensation should be paid to those who had the right of possession.

An entirely different question would have been raised had the Government purchased the ship outright.

BIG Business will welcome Government operation of industrial establishments, if the present emergency demands such action. Newspapers and periodicals are filled with offers to turn industrial plants over to the Government to meet any eventuality. That circumstances may justify public interference with property and individual rights is universally conceded. Aside from this transitory interest of the relation of Government to individual property rights, the question as it relates to public service corporations will occupy the attention of the public for many years. A. Lincoln Lavine, of the New York Bar, Instructor in the Pace Standardized Courses, contributes an article to *Case and Comment*, March, 1917, setting forth a novel interpretation of the relation between the public and modern public service corporations.

Mr. Lavine discusses: first, the justification for any public interference; and, second, the distinction between public regulation and public operation. His view of the question is broad, comprehending the extent to which the right of property should be exercised by private industrial organizations.

If the exercise of the right of property is completely or partially opposed to the public welfare, or if its exercise conflicts with a more imperative need that it be devoted

The PACE STUDENT

June, 1917

to public use, Mr. Lavine maintains that public interference is justified in that degree necessary for public well-being. This interference, in the case of public service corporations, should not go to the extent of public operation, but only to the extent of public regulation. Direct exercise of the right of property by the State is not necessary to prevent abuse of the rights of property by individuals or corporations. Every interest of the public may be served by declaring the rules under which the right may be exercised. "The distinction is between playing the game and umpiring it." Too much regulation is condemned, in that it drives capital from the field and destroys that initiative, which, "properly directed is capable of making the exercise of property rights most fruitful to mankind."

Many attribute the curtailing of railroad investment to the over-regulation of railroads. Hence, there is a feeling upon the part of many public men that this has been carried too far. For these reasons, Mr. Lavine's article is of timely interest, and also suggests principles which may be accepted as a guide in determining the extent to which public utilities should be regulated.

PACE INSTITUTE'S Course in War Emergency Clerical Service for Women is now fairly under way. Two earnest groups of women meet twice a week to wrestle with the intricacies of Government pay-roll forms, vouchers, records, and sales procedures.

Mr. J. T. Kennedy, who is directly in charge of the course, reports that excellent progress is being made by the students. Evidently they realize that in the present national crisis, every woman, as well as every man, must be trained to do her part efficiently.

Several New York corporations are deeply interested in the work, and have already expressed themselves as willing to employ these trained women in their offices to take the places of men who have enlisted.

ALBERT R. FISHER, Accountancy Institute of Brooklyn, has severed his connection with the Kanouse Water Company to accept a position as assistant bookkeeper for the Keystone Mineral Company.

W. G. WILKINS, Newark School of Accountancy, has recently accepted a position as office manager and accountant for Ricketts & Company, Inc., mining, metallurgical and chemical engineers, New York.

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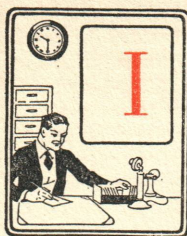
EDWARD KIMPTON COMPANY

MANUFACTURERS

60 John Street

New York City

Charles
B.
Couch-
man,
C.P.A.



IN the solving of business problems—and, after all, successful business

The PACE STUDENT

June, 1917

consists almost entirely in solving problems that are constantly arising—it is very essential that judgment should not be allowed to relax for an instant.

This point is well illustrated by the solutions that were offered to the following problem, taken from the final examination in Practical Accounting, Pace Standardized Courses, in February, 1917:

The X Refining Company buys railroad cars, for which \$10,000 was paid in cash, January 1, 1913; and four notes were given, each for \$10,000, payable January 1, 1914, 1915, 1916, and 1917, respectively. The \$10,000 face value of each note includes principal and interest at 5 per cent. per annum, not compounded.

In an audit as at December 31, 1916, wherein you are required to show the net profit for each of the years, you find that all of these notes have been paid, except the one due January 1, 1917. These payments, together with the \$10,000 cash payment, have been charged in full to Car Equipment Account. What adjusting entries, if any, would you make for each year?

The Car Equipment Account should have been debited with the purchase price of the cars at January 1, 1913, but not including any interest thereon due to extension of time of payment. Also, on that date liability should have been entered for the amount of notes given.

Since the note maturing on January 1, 1914, contained five per cent. interest upon the principal, the amount of the principal in that note may be obtained by dividing \$10,000 by 1.05. Similarly, the note due on January 1, 1915, contained principal with interest thereon at the rate of five per cent. for two years. The principal, therefore, may be obtained by dividing \$10,000 by 1.10. In like manner, the principals of the remaining two notes may be found by dividing \$10,000 by 1.15, and 1.20, respectively. As a result of these calculations, we find the principals of the four notes to be as follows: \$9,523.81, \$9,090.91, \$8,695.65 and \$8,333.33, making a total principal for the four notes of \$35,643.70.

Evidently, therefore, the cost price of the car equipment would be the sum of these principals and the \$10,000 cash which was paid on January 1, 1913, making a total of \$45,643.70, which should have been charged to Car Equipment Account.

Instead of this result, we find that the account has been charged with four payments of \$10,000 each, and therefore stands at \$5,643.70 less than the correct amount.

In the above calculations by which the princi-

pal of each note was obtained, the interest amounts included in each of the notes are found to be as follows: \$476.19, \$909.09, \$1,304.35, \$1,666.67, making a total of \$4,356.30 interest included in the four notes.

Having successfully reached this point in the solution, many students allow their judgment to relax. They realized that the Profit and Loss Account for each of the years 1913, 1914, 1915, and 1916 must be debited for an interest amount. Also, they had calculated the amounts of interest included in the notes maturing just after the close of each of these years. It did not require much relaxation of vigilance to solve the problem of debiting the interest amounts so obtained to the Interest Accounts of those years. It speaks well for the watchfulness of the young business men of to-day that so few did make this slip.

Such a solution would have been incorrect. Under it, the years in which the greatest amount of principal was outstanding would receive the smallest amount of interest charge. Further thought shows that the amount of principal outstanding during each of the four years must be ascertained, and interest thereon calculated at the required rate, to give the proper amount chargeable to the Profit and Loss Accounts of the several years.

The following table gives the result of these calculations:

Year	Principal Outstanding During Year	Interest Thereon at 5%
1913	\$35,643.70	\$1,782.19
1914	26,119.89	1,305.99
1915	17,028.98	851.45
1916	8,333.33	416.67

The note due on January 1, 1917, was outstanding on December 31, 1916, and must therefore be set up as a liability as at that date.

The following Journal entry fulfils all the requirements of the problem:

Sundries to Car Equipment	
Note Payable	\$10,000
Interest Account for 1913...	\$1,782.19
Interest Account for 1914...	1,305.99
Interest Account for 1915...	851.45
Interest Account for 1916...	416.67
Car Equipment Account.....	5,643.70

To set up liability for Car Equipment Note, and to debit the Interest Accounts for the various years with their proper amounts, which have been debited in error to Car Equipment Account.

HYSTERIA will be one of our greatest foes in the present crisis. It can do more harm than an enemy's shell. It is hard to combat because it is so intangible, and when once it has a start, it is harder to stop than a retreating army. Responsibility for the control of this hysteria rests squarely with America's business men, and the way in which they are assuming it has already proved to be a stabilizing influence of great importance.

They feel that the great problems confronting the United States can be more easily solved, if viewed sanely by all. Conditions will not always be desirable, but common sense can alleviate them.

Henry Clews, writing in the *Weekly Financial Review*, published by Henry Clews & Company, says: "There is much complaint in all directions about high prices, and indications already point to lessened consumption. Food is exceedingly high, and unless relief is found some sort of Government food control may be expected as a war measure. The labor situation also promises to become more acute. Scarcity is already pronounced, and will be more so when a half to one million men are drawn into the army. Not less than three men are required at home to support one in the field, so that the labor situation calls for prompt and intelligent consideration."

Mr. Clews goes on to say that the mobilization of our finance and industry upon a war basis will for a time be the controlling factor in business circles. "Such an adjustment naturally causes more or less inflation and derangement." The vast sums voted by Congress cannot be spent all at once, and it is to be hoped that they will be withdrawn from the financial market with as little disturbance as possible.

"Our own expenditures will begin gradually and be extended over many months before additional loans can possibly be needed. The loans to our allies is a similar process and is likely to follow similar lines; that is, the bonds will probably be issued at stated periods, when most needed, thus avoiding the injurious effects of locking up huge amounts at once, or suddenly withdrawing them from employment in the regular channels of trade. The effects of these transactions will, of course, be far-reaching and temporarily unsettling. These vast sums will be likely spent in the United States, partly for our own Army and partly for the Allies. That means

The PACE STUDENT

June, 1917

further activities in certain industries, and possibly still higher prices for their products, although it must be remembered that the Government will use all power available to prevent undue advances."

The eminent financier feels that the present uneasiness over the Government tax proposal is somewhat unnecessary. He believes that, so far as taxation goes, the object should be to raise as large a sum by taxes as feasible and consistent with an equitable distribution upon all classes; the higher rates, of course, falling upon those best able to bear them. Undoubtedly we can trust the Administration to handle the bond and note issue with as little public inconvenience as possible, so that the rates will not be carried so high that capital and home enterprise will be seriously impaired.

J. PHILIP BAYER, Pace Institute, has recently accepted the position of bookkeeper for the Jensen Creamery Machinery Company. Mr. Bayer was formerly in the employ of The New York Central Railroad Company.

EDWARD C. QUENZER, New York Institute of Accountancy, has entered the practice of public accounting on the staff of John H. Koch & Company. Mr. Quenzer was formerly employed by the New York Edison Company.

H. E. SCHRIVER, Pace Institute, Extension Division, announces his succession to the public accounting practice of his former employer, J. C. Shumberger. Mr. Schriver's offices are in the Union Trust Company Building, Harrisburg, Pa.

PHILIP N. MILLER, B.A., C.P.A., New York Institute of Accountancy, 1910, has accepted an executive position with the Federal Accounting Corporation, 43 Exchange Place. Mr. Miller was formerly associated with the Platt & Washburn Refining Company.

EGBERT S. HARVEY, Pace Institute, Extension Division, formerly bookkeeper for The George Washington Life Insurance Company, has resigned to accept a position on the staff of The State Public Service Utility Audit and Investigating Company of Charleston, West Virginia.

IT is a surprising fact, but it is estimated that labor troubles in this country waste annually the vast sum of \$1,000,000,000. This is one-seventh of the amount recently voted by Congress to carry on the war.

The fundamental cause of most labor troubles seems to be a misunderstanding between employers and employees. Anything that will assist in removing this misunderstanding will be of incalculable benefit to the country.

If employers could be brought more generally to realize that employees need training which their daily routine does not give them, they would advance a distinct step toward a better understanding of labor's view-point. Employees benefiting by this increased knowledge of business, and feeling that those above them were taking a real interest in their advancement, would get, to some extent, their employer's angle of vision. They would see that ideas are not wrong simply because they emanate from capital.

Constructive educational programs, worked out with the coöperation of both groups, will do as much as any other single thing to remove the present misunderstanding. The resultant financial saving will be only one benefit. Every man in an organization will be brought into closer touch with his fellows and with his superiors. Efficient work is bound to follow.

AMBROSE C. BRADY, Pace Institute, has severed his connection with Messrs. Cordley & Hayes to accept the post as bookkeeper for the Dale-Brewster Machinery Company.

BERNARD H. DREIFOOS, Pace Institute, has resigned his position with The American Insurance Company to accept the position as assistant bookkeeper in the office of The Scarsdale Estates.

HARRY R. NEWITT, Pace Institute, has accepted the position of office manager for Arthur H. Lee & Sons. Mr. Newitt was formerly engaged as junior accountant with Dennis & Young, public accountants.

MISS HENRIETTA BRAUNSDORF, Pace Institute, has recently severed her connection with The New York Kindergarten Association to accept a position on the bookkeeping staff of the Rainier Motor Corporation.

Horatio
N. Drury,
B.A.



PERATING letters are intended to aid in the conduct of the executive or the administrative details of an organization. Such letters are, of course, written by persons vested

with authority to give directions and orders. Operating letters should be unmistakably clear, since a word or a phrase doubtful in meaning often results in embarrassment or costly delay.

Clearness in giving orders in operating letters is insured by an observance of the following steps:

First—Know precisely what you wish done before you order it done.

Second—Communicate your order in such a definite manner that the person who is to carry it out understands it thoroughly.

Third—Secure a reaction from the person to whom the order is given for fulfillment; that is, an acknowledgment indicating that the order has been received and is understood.

Operating letters may be roughly divided into two main classes: first, letters that give direct, brief instructions, and letters containing the acknowledgment of the receipt of such letters; and, second, letters that represent a blend of operating letters and of such other types of letters as the particular matter in hand may make desirable.

Interdepartmental communications of a railroad, for example, usually belong to the first class, while the letters from the home office of an insurance company to its agents in the field belong to the second class.

Interdepartmental operating letters are usually written on a cheap quality of paper without printing, in order to save expense.

October 25, 1914.

Mr. F. M. Smythe, Agent,
Disston, Nebraska.

Dear Sir:

Your attention is called to the fact that the shipments of wheat from your station for September, this year, \$17,269.50, have fallen much below the shipments of last year, which amounted to \$23,475.89. The falling off is more than 26 per cent. The wheat crop is larger this year than last.

Can you give any good reason for the falling off?

Truly yours,

D. C. WEST,
Division Freight Agent.

DCW/B

The PACE STUDENT

June, 1917

November 6, 1914.

Mr. D. C. West,
Division Freight Agent,
Chicago, Ill.

Dear Sir:

Your letter of the 25th in respect to the falling off in our wheat shipments at hand.

The wheat crop in this vicinity is better than last year, but we had severe local rains during the early part of September, which prevented the hauling of wheat to the elevators. The month of October will show an abnormal increase due to the falling off in September.

Truly yours,

F. M. SMYTHE, Agent.

FMS/B

July 10, 1914.

Mr. W. B. Jones,
Chief Engineer,
Building.

Dear Sir:

Prepare and submit by September 1st detailed estimate showing the cost of reducing the curve between Dunken and Waverly to one-half of one per cent.

Truly yours,

F. B. BROWN,
General Manager.

FB/B

July 10, 1914.

Mr. F. B. Brown,
General Manager,
Building.

Dear Sir:

Your instructions of this date in respect to estimate on cost of reducing curve between Dunken and Waverly are received, and the estimate will be submitted well in advance of the date you specify.

Truly yours,

W. B. JONES,
Chief Engineer.

WBJ/B

NOTE.—This letter secures a reaction which shows an understanding of the order and fixes the responsibility for completion within a certain time.

Omaha, Nebraska,

December 15, 1913.

Mr. M. O. White, Asst. Secty.,
54 Wall Street,
New York City.

Dear Sir:

Prepare a list of stockholders for

use at the annual meeting to be held on the 15th of January next.

The list is to be made as at the close of business on December 31, 1913, and is to show, in respect to each stockholder, the name, the address, and the shares of preferred or common stock standing in his or her name on the date stated.

The list is to be shipped by Wells Fargo Express, marked "Valuable Papers," not later than January 10th.

Truly yours,

W. H. MERTON,
Secretary.

WHM/B

December 18, 1913.

Mr. W. H. Merton,
Secretary,
Building.

Dear Sir:

Your letter of December 15th is received, and the list will be prepared and shipped in accordance with your directions.

Owing to the large amount of stock outstanding and its wide distribution, there will be more than a thousand additional names on the list this year. In order to be sure of preparing the list on time, a special clerk should be employed for the two weeks beginning December 27th. Will you please authorize such extra expenditures as may be necessary?

Truly yours,

M. O. WHITE,
Assistant Secretary.

December 19, 1913.

Mr. M. O. White, Asst. Secty.,
54 Wall Street,
New York City.

Dear Sir:

Your letter of December 18th is received. It is true that your work will be heavier this year, but you have lost sight of the fact that you have had an additional clerk since the 1st of February. The work can undoubtedly, therefore, be carried out with your regular staff.

I shall, therefore, hold you responsible for shipping the complete lists on the date specified, namely, January 10th.

Truly yours,

W. H. MERTON
Secretary.

WHM/B

NOTE.—Note the fixing of the responsibility to avoid an excuse for failure to finish the sheets at the time specified. This is a very important part of the second letter from the Secretary.

Examples
of
Pure
Operating
Letters

Re: Wm. T. Badger,
Rose Avenue,
Bridgeport, Conn.
EASTERN CASUALTY
COMPANY
245 Broadway
New York

April 10, 1914.

Messrs. Ware & Ware,
2121 Main Street,
Bridgeport, Conn.

Gentlemen:

This letter is in reference to the above risk on which you have written policies covering the inside and outside glass.

The Eastern Insurance Company of New York have complained that you did not charge the proper premiums. This complaint is probably founded on the fact that the sizes contained in your policy are somewhat too small.

Since we are desirous of having all the business in your territory written at the correct rate, we suggest that you confer with the agents of the Eastern Insurance Company, H. B. Farr & Co., and find out the points of difference.

Kindly have the policies corrected and the proper rate endorsed upon them, in order that the books of our Company and the books of the Eastern Insurance Company may agree.

Very truly yours,
EASTERN CASUALTY
COMPANY,
B. F. Manton,
Superintendent Plate Glass
Department.

Re: Los Angeles
Medical Examiner.
WESTERN INSURANCE
COMPANY
212 Pacific Avenue
San Francisco, Cal.

October 1, 1914.

Mr. F. J. Warden, Manager,
Western Insurance Company,
Los Angeles, California.

Dear Sir:

This letter is in reply to yours of September 30th. We approve of your suggestion to appoint Dr. Gordon of your city the assistant examiner to Dr. Fox. You will personally see to it, however, that Dr. Gordon is never employed to the exclusion of Dr. Fox, and that applications are turned over to him only when Dr. Fox needs his assistance, or when in actual emergencies the latter is not available.

Yours truly,
S. V. PETERS,
Medical Director.

The PACE STUDENT

June, 1917

Re: John Wilkins,
Wheeling, W. Va.
SOUTHERN INSURANCE CO.
Endover Building
Baltimore, Md.

November 11, 1914.

Mr. James R. Tate, Manager,
Southern Insurance Company,
Wheeling, W. Va.

Dear Sir:

Replying to your favor of the 9th, we are willing to consider this case on the Five Payment Life Plan, but we do not like the plan of issuing the policy until there is some indication that Mr. Wilkins will accept that form of contract. If you are convinced that a Five Payment Life policy can be placed, send us a telegram to that effect and we will issue the policy at once.

Yours truly,
C. T. BAGBY,
Superintendent.

Re: James Warden, No. 899765-A.
THE LIFE INSURANCE
COMPANY OF AMERICA
24 Madison Avenue
New York

February 9, 1914.

Mr. F. G. Porter,
High Bridge, N. Y.

Dear Sir:

We have once more looked carefully into the writing of this application by Agent Horton of the Long Island City District. In order to eliminate any possible doubt, we went to the expense of sending a Home Office Inspector on the case. After reading his report, we cannot see that Agent Moore has any just claim in this transaction.

That Agent Moore wrote a Part A and collected \$3 advance payment appears to be true, but that he also held this money for almost four months, and did not make an effort to see the risk until the latter wrote asking for the return of the money, is also true. Furthermore, your agent willingly transferred the Industrial business to the debit of Agent Horton, of the Long Island City District, for the reason that—to quote from the agent's letter—"It took too much time for me to go there and make collections."

We do not criticize the agent for making the transfer. When, however, it is considered that he had good prospects of closing an Ordinary Application on this life, the most business-like course to adopt would have been to hold fast to the

Industrial business until he had reached a definite conclusion with the life proposed as regards the Ordinary Application.

No effort appears to have been made by your agent even to see the risk after the latter changed his address. Then, it appears that he would not have heard anything about the other agent's success in closing an application if the life proposed had not written to him, demanding the return of his \$3.

If Mr. Moore feels at any time that he would like to have an interview with the Manager, we shall be glad to arrange for such an interview. It would be useless, however, to make any arrangements for an interview with Agent Moore for the sole purpose of discussing this case, since our decision in reference to the credit and the commission will not be changed.

Your truly,
THE LIFE INSURANCE COM-
PANY OF AMERICA.
Wallace P. Richards,
General Manager.

EDWARD CUNNINGHAM, Pace Institute, has accepted a position on the auditing staff of R. H. Ingersoll & Bro. Mr. Cunningham was formerly employed by the Rainier Motor Corporation.

CLIFFORD K. CUEMAN, Newark School of Accountancy, has recently joined the staff of Frederick H. Hurdman, public accountant. Mr. Cushman was formerly in the employ of Whittlesey, Myer & Wythes.

FRED C. NORDHEIM, Accountancy Institute of Brooklyn, has severed his connection with Warner-Godfrey Company to join the auditing staff of S. D. Leidesdorf & Company, public accountants.

WILLIAM C. DEMPSEY, 114 Brooklyn Avenue, Brooklyn, N. Y., has just graduated from the Pace Institute, Extension Division, having completed all prescribed work in a very consistent and creditable manner.

DAVID C. MC KEAN, Detroit Technical Institute, is actively engaged in the service army that is preparing to equip the military and naval forces of our country. He has recently been appointed to the position of assistant superintendent of the Brunswick Marine Construction Corporation, Brunswick, Marion Co., Georgia. This organization is undertaking a large share in the national shipbuilding program.

Aesop
in Busi-
ness—
Horace

THERE was once a young man of Academic Vision named Horace.

In college he had thoroughly grasped the Major Concept that the Lucrative Angle of Business is the Selling Angle.

He had also assimilated the Minor Concept that Persistency can realize all Hopes.

His friends told him that he had Business Perspicacity, and that he would prove an Effective Awakener of Commercial Somnolence.

Through the friendly interest of a classmate's uncle, he was Added to the Distributing Staff of a firm selling Office Equipment and Things.

Horace was handed an illustrated Catalogue, an Order Book, and a list of Logical Purchasers, and was enjoined to Keep his Eye on the Dotted Line.

Accordingly, he made his first Call upon the Purchasing Agent of a large Corporation that jobbed in Health Underwear of the Three-Initial Variety. The Office Boy was Somewhere Else, and Horace did not wait to be Announced.

The Purchasing Agent was already engaged in Conducting a Defensive Conversation with a Superior Officer, who wanted to know why he had done a Certain Thing.

The PACE STUDENT

June, 1917

He found it Hard to welcome Horace with Enthusiasm.

Horace did not sense the Electricity in the Atmosphere. He mounted the Springboard and plunged in. His convictions on Persistency would not allow him to be Halted.

At last Horace arrived at the Dotted Line. Then the Purchasing Agent recovered himself and proceeded to Act. He opened the Door with Violence and Showed Horace the Speedy Way Out. He also used Plain Language about the Undesirability of a Return Call.

Moral: It's a Wise Youth who can Modify his Concepts to Meet a Condition.

DURING the past month a request was made of Pace & Pace to secure experienced stenographers to serve in the military and naval branches of the United States. In response to the call six men were placed. The positions involved enrolment in reserves and all the men are now in active service for the branch in

which they enrolled. Reports received state that the officers in charge of the several offices are pleased with the work of these men and the men are highly gratified with their new positions. The men placed are:

Marine Corps Pay Office, New York:

David P. Knob

William C. Berthold

Marine Corps Pay Office, Washington:

Frank J. Kaiser

Henry Engel

Marine Corps Recruiting Office, New York:

Louis Ehlen

Naval Coast Defense Reserve:

Thos. J. O'Neill, Yeoman, 3rd Class, for assignment on board the *Tanikwa*.

JOSEPH F. HARRINGTON, Pace Institute, successfully passed the recent examinations given by New York State for the degree of Certified Public Accountant.

LEONARD V. CLOSTERMAN, Pace Institute, has left the employ of The Audit Company of New York to accept a position as accountant for the August Mietz Engine Works.

Judging from the Past

Every year the demand for copies of The Annual Review of the Annalist, issued the first week in January, exceeds the supply and the edition is quickly exhausted.

The Annual Review of The Annalist contains the most complete and exhaustive summaries of business and industrial development to be found in any publication.

Forecasts of the commercial prospects for the coming year occupy an important place

Tabular and Statistical data gathered together in reviews form a treasury from which the man who is interested in the commercial development of the United States can draw without stint.

To anticipate the demand for The Annual Review and to place these facts within reach of all, we will send the next six issues of The Annalist, including The Annual Review, to any address, postpaid, on receipt of 50 cents, money or stamps.

The Annalist

The Journal of Finance, Commerce, and Economics

TIMES SQUARE

NEW YORK